

CONTRACT OF SALE

THIS CONTRACT OF SALE (the "**Agreement**") is made and entered into as of the Effective Date (hereinafter defined) by and between the CITY OF FRISCO ("**Purchaser**") and SHADDOCK DEVELOPERS, LTD., a Texas limited partnership ("**Seller**").

For and in consideration of the mutual covenants and agreements contained in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Purchaser and Seller hereby agree as follows:

1. **Purchase and Sale.** Upon and subject to the terms of this Agreement, Seller shall sell to Purchaser and Purchaser shall purchase from Seller those certain finally platted lots (the "**Lots**") and that certain approximately 8.448 acre tract of unplatted land (the "**Unplatted Land**"; the Lots and the Unplatted Land are herein collectively referred to as the "**Land**") situated in the City of Frisco (the "**City**"), Collin County (the "**County**"), Texas, described on **Exhibit A** attached hereto and made a part hereof, together with all and singular the rights and appurtenances pertaining thereto including any right, title and interest of Seller in and to adjacent roads, alleys or rights-of-way, strips or gores of land adjoining the Land and abutting properties and rights of ingress or egress and any and all improvements situated on the Land, including but not limited to any buildings, structures, fixtures and other improvements of every kind and nature in, on, under or about the Land (such Land, rights, appurtenances and improvements being herein referred to as the "**Property**").

2. **Purchase Price.** The consideration (the "**Purchase Price**") for the sale and conveyance of the Property shall be (a) \$8,000 per acre for the 13.4270 acres of Land (\$107,416) within (i) Lot 5, Block X in the Villages of Stonelake Estates Phase 1A, (ii) Lot 10, Block X in the

Villages of Stonelake Estates Phase 1B, and (iii) the Unplatted Land, as further described on **Exhibit A** attached hereto, plus (b) \$50,000 per acre for the 2.4705 acres of Land (\$123,525) within Lot 11, Block X of the Villages of Stonelake Estates Phase 1 B as described on **Exhibit A** attached hereto, for a total Purchase Price of \$230,941, for the Land as described and/or depicted on **Exhibit A** attached hereto or, if applicable, any legal description of the Property approved by Seller and Purchaser on the Survey (as hereinafter defined) which may be obtained by Purchaser according to Section 3(d) below. The Purchase Price shall be payable in cash at Closing.

3. Survey and Title Policy.

(a) Within ten (10) days after the Effective Date, Seller shall deliver or cause to be delivered the following items to Purchaser, at Seller's sole cost and expense:

1. a Commitment for Title Insurance issued by Capital Title of Texas, 3246 Preston Road, #700, Frisco, Texas 75034; Attention: Mary Lucas; Telephone No. 972-377-8400; Fax No. 972-377-6080 (the "**Title Company**"), together with true and best available copies of all easements, restrictions and other items referred to as exceptions on in the Commitment for Title Insurance (the "**Commitment**");

2. the final recorded plat including the Lots which comprise part of the Property;

3. Seller's existing survey(s) (the "**Existing Survey**") which includes the Property made on the ground by a registered, professional land surveyor; and

4. Copies of (i) that certain Geotechnical Engineering Report for the Villages of Stonelake Estates Phase 1A, 1B and 1C prepared by Rone Engineering dated December, 2007, Project No. 07-12775 (the "**Soils Report**"), and (ii) Phase 1 Environmental Assessment Report prepared by EFI Global dated March 18, 2005, Project No. 98420-01748 (the "**Environmental Report**")

(b) Any items constituting an encumbrance upon or adversely affecting title to the Property as reflected by the Commitment, the Existing Survey or the Survey shall constitute an exception to title. Within fifteen (15) days after receipt of the latter to be received by Purchaser of the Commitment or the Existing Survey, Purchaser shall notify Seller in writing of its objection to any such exceptions to title or matters reflected on the Existing Survey. If Purchaser gives timely

written notice of its objections, Seller shall have the opportunity, but not the obligation, for five (5) days after receipt of Purchaser's objection notice ("**Seller's Cure Period**") during which to cure such objections. Seller will utilize commercially reasonable diligence to cure any errors in the Commitment, but Seller shall have no obligation to expend any money or institute any litigation in pursuing such efforts. In the event that prior to the end of Seller's Cure Period, Seller shall have failed to cure such objections to Purchaser's reasonable satisfaction or undertaken in writing to do so prior to Closing, Purchaser may, at its option, either (i) terminate this Agreement by written notice to Seller not later than (A) the earlier of five (5) days after the expiration of Seller's Cure Period or the expiration of the Feasibility Period (as hereinafter defined), whereupon the Title Company shall return the Earnest Money (hereinafter defined) to Purchaser, and neither Purchaser nor Seller shall have any further liability or obligation hereunder, except such liabilities and obligations which expressly survive termination of this Agreement, or (ii) waive the unsatisfied objection (which shall thereupon become a Permitted Encumbrance, as such term is defined below) and proceed to Closing. Purchaser's failure to terminate the Agreement within the time hereinabove provided shall constitute its election to waive the unsatisfied objection and proceed to Closing. Any exceptions to title not objected to by Purchaser in the manner and within the time period specified in this Section 3 shall be deemed accepted by Purchaser and be Permitted Encumbrances. In the event that any additional exceptions to title or other matters are reflected on the Survey which did not appear on any Title Commitment and/or Existing Survey previously delivered to Purchaser and which materially and adversely affect the Property, Purchaser may, at its option, either (i) terminate this Agreement by written notice to Seller not later than the later of (A) five (5) days after receipt of the Survey, or (B) the scheduled Closing Date, whereupon the Title Company shall return the Earnest Money to Purchaser, and neither Purchaser nor Seller shall have any further liability or obligation

hereunder, except such liabilities and obligations which expressly survive termination of this Agreement, or (ii) waive its objection to such additional exceptions or other matters (which shall thereupon become a Permitted Encumbrance) and proceed to Closing. The phrase "**Permitted Encumbrances**" shall mean those exceptions to title set forth in the Commitment and/or reflected on the Existing Survey and/or the Survey and which have been accepted or deemed accepted by Purchaser. Notwithstanding anything to the contrary contained herein, the reservation of rights in and to Utility Easements (as hereinafter defined) as set forth in Section 16 hereof being a continuing obligations which survives closing for a period of six (6) years shall be a Permitted Encumbrance.

(c) At the Closing, Seller shall provide Purchaser, except as otherwise provided in subpart (i) below, at Seller's sole cost and expense, with a basic form of Owner's Title Policy on the standard form in use in the State of Texas (the "**Title Policy**") consistent with the Commitment, in the amount of the Purchase Price and insuring title to the Property to be in Purchaser in fee simple subject to no exceptions other than Permitted Encumbrances; provided, however, that (i) at Purchaser's option and expense, the standard exception pertaining to area and boundaries may be deleted except for shortages in area; (ii) any endorsements or other modifications to the Title Policy requested by Purchaser shall be obtained by and provided to Purchaser at Purchaser's sole cost and expense; (iii) the exception relating to restrictive covenants shall be deleted except for those included within Permitted Encumbrances; (iv) the exception relating to standby fees and taxes shall except only standby fees and taxes for the year of Closing and subsequent years and assessments for prior years due to changes in land usage or ownership; and (v) there shall be no exception for "rights of parties in possession" or "visible and apparent easements."

(d) Upon written request of Purchaser delivered on or before the expiration of the Feasibility Period, and upon completion of the Hike and Bike Trail Improvements (as defined in

Section 15 hereof), Purchaser may obtain from Spiars Engineering or such other licensed surveyor registered in the State of Texas approved by Seller (the "**Seller's Surveyor**"), at Seller's expense, a current on the ground survey of the Property (the "**Survey**"), which Survey shall be certified to Seller, the Title Company, Purchaser and any other parties as requested by Purchaser, and which Survey (A) contains a metes and bounds description of the Unplatted Land; (B) locates and shows dimensions of all existing easements (setting forth book and page number) alleys, streets, roads and rights-of-way; (C) show any encroachments on or protrusions from the Property; (D) show all existing improvements; (E) show any portion of the Property within a flood plain. The field notes for the Unplatted Land prepared by the Seller's Surveyor shall control over any conflicts or inconsistencies with **Exhibit A** and shall be attached to the Deed to be delivered at Closing as the legal description of the Unplatted Land being conveyed as part of the Property. The legal description of the Property included in the Survey obtained by Purchaser may replace and substitute the legal description of the Property attached hereto as **Exhibit A** upon the written approval of Seller, which approval shall not be unreasonably withheld. Furthermore, the legal description of the Property on the Survey, as approved by Seller, shall be attached to the Deed (as hereinafter defined) conveying the Property to Purchaser; provided, however, notwithstanding the foregoing or anything to the contrary contained herein, any portion of the Property which is part of a finally platted lot, including the Lots, shall be conveyed by Lot and Block number as described on the recorded plat including such lot.

4. **Earnest Money.** Upon delivery to the Title Company of a fully executed copy of this Agreement, Purchaser shall deposit with the Title Company One Thousand Dollars (\$1,000.00) as earnest money (the "**Earnest Money**"). If Purchaser does not timely deliver the Earnest Money, Seller may, at its option, terminate this Agreement and neither party shall have any further right or

obligation hereunder. The Title Company shall invest the Earnest Money in an interest bearing account designated by Purchaser and reasonably acceptable to Seller. The Earnest Money shall include all interest thereon. In the event this Agreement is closed, the Earnest Money shall be applied in payment of the Purchase Price at the Closing. In the event this Agreement is not closed, the Earnest Money shall be disbursed in accordance with the provisions of this Agreement.

5. Independent Contract Consideration. Notwithstanding any other provision of this Agreement to the contrary, in the event this Agreement is terminated by either party prior to Closing pursuant to any right to do so in this Agreement, or, if not so terminated, at the Closing, One Hundred Dollars (\$100.00) ("Independent Contract Consideration") of the Earnest Money shall be paid to Seller, which amount the parties bargained for and agreed to as consideration for Purchaser's exclusive right to inspect and purchase the Property pursuant to this Agreement and for Seller's execution, delivery and performance of this Agreement. The Independent Contract Consideration is in addition to and independent of any other consideration or payment provided in this Agreement, is nonrefundable, and it is fully earned and shall be retained by Seller notwithstanding any other provision of this Agreement, provided, the Independent Contract Consideration shall be applied as a credit to the Purchase Price at Closing.

6. Seller's Representations and Warranties.

(a) Seller represents and warrants to Purchaser that:

- (i) Seller has, without notice to or consent or joinder of any other person or entity, the full right, power and authority to enter into and perform this Agreement, including full right, power and authority to sell and convey the Property to Purchaser. This Agreement constitutes the legal, valid and binding obligation of Seller enforceable in accordance with its terms.
- (ii) *Intentionally left blank.*
- (iii) There is no agreement to which Seller is a party or that is binding on Seller which is in conflict with this Agreement. There is no action or proceeding pending or, to Seller's actual knowledge, bone fide threats of

any action or proceeding against Seller or relating to the Property, which challenges or impairs Seller's ability to execute or perform its obligations under this Agreement. Seller has not committed or obligated itself in any manner whatsoever to sell, lease or encumber the Property or any interest therein to any other party. No rights of first offer or rights of first refusal regarding the Property exist under the organizational documents of Seller or under any agreement by which Seller or the Property is or may be bound or affected.

- (iv) To Seller's actual knowledge, without investigation, the Property has not been the site of any activity that would violate any past or present law or regulation of any governmental body or agency having jurisdiction over the Property relating to Hazardous Materials (hereinafter defined). Specifically, but without limitation, to Seller's actual knowledge (without investigation), and except as may be disclosed to Purchaser by reports, studies or other information provided to Purchaser by Seller in writing pursuant to this Agreement (1) solid waste, petroleum, or petroleum products have not been handled or stored on the Property such that they may have leaked or spilled onto the Property or contaminated the Property, (2) there is no on-site contamination resulting from activities on the Property or adjacent tracts, (3) the Property contains no "Hazardous Materials," (4) there are no storage tanks located on the Property (either above or below ground) and (5) the Property has not been used as a landfill or site for disposal of garbage or refuse. **"Hazardous Materials"** shall mean any petroleum products, flammables, explosives, radioactive materials, asbestos, radon, or other hazardous waste including substances defined as "hazardous substances", "hazardous materials", or "toxic substances" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, the Hazardous Materials Transportation Act, and the Resources Conservation and Recovery Act, and any other similar material or substance whose use, storage, handling or disposal is regulated by any law or regulation. As used in this Section 6 (a)(iv), Seller's actual knowledge is limited solely to facts disclosed in the Environmental Report regarding the Property which has been obtained by or delivered to Seller, and Seller has made no other investigation or inquiry and has no other knowledge concerning the matters covered in this Section 6(a)(iv).
- (v) Seller has not received any written notice asserting, nor does Seller have actual knowledge, that the Property fails to comply in all material respects with all applicable laws. To Seller's knowledge, there are no petitions, actions, hearings, planned or contemplated, relating to or affecting the zoning or use of the Property or any contiguous property other than actions and proceedings to plat Seller's contiguous property for use as a single family residential subdivision, which may include sale of a 9-acre site to the City as a public park.

- (vi) Seller has received no actual notice of any pending, or bone fide threat of any, judicial, municipal or administrative proceedings with respect to, or in any manner affecting the Property or in which Seller is or will be a party.
- (vii) Each of said warranties and representations is true and correct as of the Effective Date and shall be true and correct as of the Closing Date.

(b) If any representation or warranty made by Seller pursuant to this Section is known by Purchaser prior to Closing to be untrue and is not remedied by Seller after ten (10) days written notice from Purchaser delivered to Seller prior to Closing (provided that the Closing may be extended as necessary to provide Seller such time to remedy such untrue representation or warranty), Purchaser may, as Purchaser's sole and exclusive remedy, either (i) terminate this Agreement whereupon the Earnest Money shall be refunded to Purchaser, and neither party shall have any further rights or obligations hereunder, except such liabilities and obligations which expressly survive termination of this Agreement, or (ii) waive its objection and close the transaction. Purchaser's failure to give such written notice to Seller of any known misrepresentation shall constitute Purchaser's waiver of any claim based on such misrepresentation. The representations and warranties made by Seller pursuant to this Section shall survive Closing to the limited extent that unless asserted by written notice from Purchaser to Seller within twelve (12) months after the Closing Date, no alleged breach of any of such representations or warranties may form the basis of an action by Purchaser against Seller for breach of such representation and warranty.

(c) **EXCEPT AS OTHERWISE SET FORTH IN THIS SECTION 6, PURCHASER ACKNOWLEDGES AND AGREES THAT SELLER HAS NOT MADE, DOES NOT MAKE AND SPECIFICALLY NEGATES AND DISCLAIMS ANY REPRESENTATIONS, WARRANTIES (OTHER THAN THE SPECIAL WARRANTY OF TITLE AS SET OUT IN THE DEED), PROMISES, COVENANTS, AGREEMENTS OR GUARANTIES OF ANY KIND OR CHARACTER WHATSOEVER, WHETHER**

EXPRESS OR IMPLIED, ORAL OR WRITTEN, PAST, PRESENT OR FUTURE, OF, AS TO, CONCERNING OR WITH RESPECT TO (A) THE VALUE, NATURE, QUALITY OR CONDITION OF THE PROPERTY, INCLUDING, WITHOUT LIMITATION, THE WATER, SOIL AND GEOLOGY, (B) THE SUITABILITY OF THE PROPERTY FOR ANY AND ALL ACTIVITIES AND USES WHICH PURCHASER MAY CONDUCT THEREON, (C) THE COMPLIANCE OF OR BY THE PROPERTY WITH ANY LAWS, RULES, ORDINANCES OR REGULATIONS OF ANY APPLICABLE GOVERNMENTAL AUTHORITY OR BODY, (D) THE HABITABILITY, MERCHANTABILITY, MARKETABILITY, PROFITABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF THE PROPERTY, (E) COMPLIANCE WITH ANY ENVIRONMENTAL PROTECTION, POLLUTION OR LAND USE LAWS, RULES, REGULATIONS, ORDERS OR REQUIREMENTS, INCLUDING THE EXISTENCE IN, ON OR UNDER THE PROPERTY OF HAZARDOUS MATERIALS. ADDITIONALLY, NO PERSON ACTING ON BEHALF OF SELLER IS AUTHORIZED TO MAKE, AND BY EXECUTION HEREOF, PURCHASER ACKNOWLEDGES THAT NO PERSON HAS MADE, ANY REPRESENTATION, AGREEMENT, STATEMENT, WARRANTY, GUARANTY OR PROMISE REGARDING THE PROPERTY OR THE TRANSACTION CONTEMPLATED HEREIN; AND NO SUCH REPRESENTATION, WARRANTY, AGREEMENT, GUARANTY, STATEMENT OR PROMISE, IF ANY, MADE BY ANY PERSON ACTING ON BEHALF OF SELLER SHALL BE VALID OR BINDING UPON SELLER UNLESS EXPRESSLY SET FORTH HEREIN. THE SELLER EXPRESSLY MAKES NO REPRESENTATION OR WARRANTY WITH RESPECT TO THE ACCURACY OR COMPLETENESS OF ANY INFORMATION OR MATERIALS

PREPARED BY THIRD PARTIES AND FURNISHED TO OR OBTAINED BY THE PURCHASER. PURCHASER HEREBY AGREES THAT SUCH INFORMATION AND MATERIALS SHALL BE PROVIDED ON AN "AS IS" BASIS AND SELLER HAS NO OBLIGATION TO VERIFY OR COMPILE SUCH DATA. PURCHASER FURTHER ACKNOWLEDGES THAT SELLER HAS ADVISED PURCHASER TO CONSULT WITH ITS OWN PROFESSIONALS AND EXPERTS WITH EXPERIENCE IN EVALUATING THE CONDITION OF THE PROPERTY, INCLUDING, WITHOUT LIMITATION, REGARDING THE PRESENCE OF HAZARDOUS OR TOXIC SUBSTANCES AND THAT PURCHASER WILL BE RELYING SOLELY ON ITS OWN INVESTIGATION OF THE PROPERTY AND NOT ON ANY INFORMATION PROVIDED OR TO BE PROVIDED BY SELLER. PURCHASER AKNOWLEDGES AND AGREES THAT AT THE CLOSING, EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS SECTION 6 AND IN THE SPECIAL WARRANTY DEED DELIVERED AT CLOSING, PURCHASER WILL ACCEPT THE PROPERTY "AS IS, WHERE IS", WITH ALL FAULTS. The terms of this Section 6(c) shall survive Closing and may be included in the Deed delivered to Purchaser at Closing.

(d) Purchaser acknowledges that Purchaser shall conduct appropriate environmental and soils tests with respect to the Property and shall rely upon such tests in electing whether or not to purchase the Property. Purchaser hereby releases the Seller, now and forever, from any and all causes of action, claims, demands or liabilities, whether direct or indirect, accruing after the Closing Date and relating to or arising from the existence of toxic or hazardous wastes or materials of any kind on the Property, arising from any use of the Property or arising from the violation of any environmental or similar laws with respect to the Property including, without limitation, The

Comprehensive Environmental Response, Compensation and Liability Act, as amended by the Superfund Amendments and Reauthorization Act, The Resource Conservation and Recovery Act, The Texas Solid Waste Disposal Act and The Texas Water Code. In addition, Purchaser hereby agrees to indemnify Seller and to hold and defend Seller harmless from and against any and all causes of action, costs, expenses, damages, liabilities or losses suffered or incurred by Seller as a result of the use, spill, disposal, manufacture, storage or release of any hazardous or toxic wastes, substances, chemicals or materials by Purchaser or by any of Purchaser's agents, contractors, employees, invitees, tenants, successors or assigns on or about the Property, occurring after the Closing Date. The foregoing indemnification shall include, without limitation, (i) attorneys' fees and court costs incurred by Seller in connection with any of the foregoing and (ii) any costs or expenses assessed against or incurred by Seller as a result of any removal or remedial obligations imposed with respect to the Property under any applicable environmental laws. The terms of this Section 6(d) shall survive Closing and shall not merge into the Deed delivered thereat.

7. Feasibility Period. Seller agrees that during the period (the "**Feasibility Period**") commencing on the Effective Date and ending thirty (30) days thereafter, Purchaser, at its sole cost and risk, shall have the right to go on the Property or any part thereof to inspect the Property and to make all such other inspections, surveys, tests, market or other studies (including environmental) as Purchaser deems necessary or desirable to determine if the Property is suitable for use by Purchaser. If Purchaser shall determine in the exercise of its sole discretion that Purchaser does not desire to purchase the Property for any reason whatsoever, Purchaser shall have the right to terminate this Agreement by written notice to Seller prior to the end of the Feasibility Period. In such event, the Earnest Money shall forthwith be returned to Purchaser free and clear of all rights and claims of Seller with respect thereto, and neither party hereto shall have any further liability or obligation

hereunder, except such liabilities and obligations which expressly survive termination of this Agreement. Purchaser shall keep confidential the results of any tests and inspections made by Purchaser and shall not disclose such results to any third parties other than its employees, agents, attorneys and other consultants. Purchaser will (i) TO THE EXTENT PERMITTED BY LAW, INDEMNIFY, DEFEND AND HOLD SELLER HARMLESS FROM AND AGAINST ANY AND ALL CLAIMS, DAMAGES, LOSSES, COSTS, LIABILITIES AND EXPENSES (INCLUDING COURT COSTS AND REASONABLE ATTORNEYS' FEES) ASSERTED AGAINST OR INCURRED BY SELLER, and (ii) repair any damages to the Property caused by or resulting from such tests, surveys, inspections and studies; provided, however, the indemnity shall not extend to (a) protect Seller from any pre-existing liabilities for matters merely discovered by Purchaser (i.e., latent environmental contamination) or (b) any liens, claims, causes of action, damages, liabilities, or expenses that are attributable to the action or inaction of Seller or its agents or employees. At Seller's option, Purchaser shall reimburse Seller for all reasonable expenses incurred by Seller in repairing such damages if Purchaser does not promptly repair such damages after written notice of such damages has been delivered by Seller to Purchaser. The foregoing agreement of confidentiality, indemnity, repair and reimbursement shall survive Closing and any termination of this Agreement. Purchaser acknowledges and agrees that Seller is not making any representation or warranty regarding the truth or accuracy of any material or information furnished to Purchaser by or on behalf of Seller, and that Seller has advised Purchaser to independently conduct such appraisals, tests, studies and inspections as Purchaser deems necessary.

8. Closing.

(a) The closing hereunder shall take place at the office of the Title Company on the date which is the later of (i) fifteen (15) days after Seller's completion of the Hike and Bike Trail

Improvements or (ii) thirty (30) days following the expiration of the Feasibility Period, or at such other time or place as shall be mutually agreed upon by the parties in writing. References in this Agreement to the "Closing" or the "Closing Date" shall mean said time and place.

(b) At the Closing, Seller shall deliver in escrow to the Title Company the following:

- (i) a duly executed Special Warranty Deed in the form of Exhibit B attached hereto and incorporated herein by reference (the "Deed") conveying the Property to Purchaser free and clear of any liens or encumbrances except the Permitted Encumbrances;
- (ii) evidence of existence, organization and authority of Seller and the authority of the person executing documents on behalf of Seller reasonably satisfactory to the Title Company;
- (iii) an affidavit as to Seller's non-foreign status as permitted by Section 1445(b)(2) of the Internal Revenue Code, as amended;
- (iv) such other documents as the Title Company may require in order to issue the Title Policy.

(c) At the Closing, Purchaser shall deliver in escrow to the Title Company the following:

- (i) the Purchase Price;
- (ii) Purchaser's Share (as defined in Section 15 hereof) of the Hike and Bike Trail Improvements; and
- (iii) such other documents as the Title Company reasonably requires in the consummation of this transaction.

(d) On the Closing Date, Seller and Purchaser shall deposit with the Title Company executed closing statements consistent with this Agreement in form required by the Title Company. The Title Company's escrow fee shall be divided equally between and paid by Seller and Purchaser.

(e) At the Closing, Seller shall cause the Title Company to deliver to Purchaser the Title Policy, provided that any endorsements or modifications thereto requested by Purchaser shall be obtained by Purchaser at its sole costs and expense.

(f) Seller shall deliver possession of the Property to Purchaser at the Closing, subject only to the Permitted Encumbrances.

(g) Upon satisfaction or completion of the foregoing conditions and deliveries, and in accordance with written instructions to the Title Company by Purchaser and/or Seller (not inconsistent with this Agreement), the Title Company shall immediately record and deliver the documents in this Section 8 above to the appropriate parties and make disbursements according to the closing statements executed by Seller and Purchaser.

(h) All state, county, and municipal taxes for the then current year relating to the Property shall be calculated as of the Closing Date and Seller's share shall be collected by Title Company at the Closing and remitted to the appropriate taxing jurisdictions in accordance with Section 26.11 of the Texas Property Tax Code. If there is any rollback tax liability for the Real Property that is triggered by the actions of the Seller prior to the Closing Date only, the Seller will assume the responsibility for those taxes. Purchaser does not waive any exemption or other exception it, or the Property, may have from rollback taxes pursuant to Texas Property Tax Code §23.55(f) or other applicable law.

NOTICE REGARDING POSSIBLE LIABILITY FOR ADDITIONAL TAXES

If for the current ad valorem tax year the taxable value of the real property that is the subject of this Contract is determined by a special appraisal method that allows for appraisal of the real property at less than its market value, Purchaser may not be allowed to qualify the real property for that special appraisal in a subsequent tax year and the real property may then be appraised at its full market value. In addition, the transfer of the real property or a subsequent change in the use of the real property may result in the imposition of an additional tax plus interest as a penalty for the transfer or the change in

the use of the real property. The taxable value of the real property and the applicable method of appraisal for the current tax year is public information and may be obtained from the tax appraisal district established for the county in which the real property is located.

(i) Each party shall pay any attorney's and other professional fees incurred by such party. Except as otherwise provided herein, all other costs, charges and expenses in connection with closing the transaction contemplated by this Agreement shall be allocated between Seller and Purchaser in accordance with customary practice in Collin County.

9. Seller's Default. In the event that sale of the Property hereunder is not consummated by reason of Seller's failure to perform all obligations and conditions to be performed by Seller under this Agreement, provided that Purchaser is not in default hereunder, Purchaser may, at its option and as its sole and exclusive remedies, either terminate this Agreement by written notice to Seller or enforce specific performance of this Agreement. If this Agreement is terminated by Purchaser pursuant to any right of termination given to Purchaser herein, the Earnest Money shall promptly be refunded to Purchaser.

10. Purchaser's Default. In the event that sale of the Property hereunder is not consummated by reason of Purchaser's breach or other failure to perform all obligations and conditions to be performed by Purchaser under this Agreement, provided that Seller is not in default hereunder, the Seller shall have the right to retain the Earnest Money as liquidated damages for the breach of this Agreement as Seller's sole and exclusive remedy, such sum to be retained by Seller is the amount of damages that both Seller and Purchaser agree that Seller would sustain by reason of any default by Purchaser, as the amount of actual damages sustained by Seller would be difficult or impractical to determine.

11. Commission. Seller and Purchaser covenant and agree one with the other that no real estate commissions, finders' fees or brokers' fees have been or will be incurred in connection with this Agreement or the sale contemplated hereby. SELLER AND PURCHASER (TO THE EXTENT PERMITTED BY LAW) SHALL INDEMNIFY, DEFEND AND HOLD EACH OTHER HARMLESS FROM AND AGAINST ANY CLAIMS, LIABILITIES, OBLIGATIONS OR DAMAGES FOR COMMISSIONS, FINDERS' OR BROKERS' FEES RESULTING FROM OR ARISING OUT OF PURCHASER'S PURCHASE OF THE PROPERTY HEREUNDER ASSERTED AGAINST EITHER PARTY BY ANY BROKER OR OTHER PERSON CLAIMING BY, THROUGH OR UNDER THE INDEMNIFYING PARTY OR WHOSE CLAIM IS BASED ON THE INDEMNIFYING PARTY'S ACTS OR OMISSIONS. The indemnity contained in this Section 11 shall survive Closing and shall not merge into the Deed delivered thereat.

12. Notices. All notices required or permitted hereunder shall be in writing and shall be deemed to be delivered when actually received if personally delivered, when sent by telefacsimile properly addressed and machine generated confirmation of receipt is received or upon deposit with a recognized overnight courier service or in the United States Mail, postage prepaid, registered or certified mail, return receipt requested, addressed to Seller or Purchaser, as the case may be, as follows:

If to Seller:

Shaddock Developers, Ltd.
19111 Dallas Parkway, Suite 230
Dallas, Texas 75287
Attention: Peter H. Shaddock, Sr.
Telephone No: (972) 985-5505
Fax No: (972) 985-9009

With a copy to: Liechty & McGinnis, P.C.
7502 Greenville Avenue, Suite 750
Dallas, Texas 75231
Attention: Hilary Tyson
Telephone No.: (214) 265-0008
Fax No.: (214) 265-0615

If to Purchaser: City of Frisco
6101 Frisco Square Boulevard
Frisco, Texas 75034
Attention: George Purefoy, City Manager
Telephone No.: 972-292-5105
Fax No.: 972-335-5559

With a copy to: Abernathy, Roeder, Boyd & Joplin, P.C.
1700 Redbud Blvd., Suite 300
McKinney, Texas 75069
Attention: Randy Hullett
Telephone No.: 972-544-4000
Fax No.: 972-544-4044

Either party hereto may change the address for notice specified above by giving the other party three (3) days advance written notice of such change of address.

13. Condemnation. If any material part of the Property is condemned, or if prior to the Closing, condemnation proceedings are threatened or commenced against any material part of the Property, then Seller shall give written notice thereof to Purchaser, and Purchaser may elect to terminate this Agreement by written notice to Seller within fifteen (15) days after receipt of Seller's notice, whereupon the Earnest Money shall be returned to Purchaser, and neither Purchaser nor Seller shall have any further liability or obligation hereunder, except such liabilities or obligations which expressly survive termination of this Agreement. If Purchaser does not so terminate the Agreement, the obligations of the parties hereto shall not be affected, and Seller shall assign to Purchaser (or pay to Purchaser if such proceeds have been collected), at the Closing, all condemnation proceeds payable as the result of such proceedings. For purposes of this Section, more than ten percent (10%) of the area of the Property or any portion which materially and

adversely affects access to the Property shall constitute a "material" part of the Property.

14. Miscellaneous.

(a) 1031 Exchange. Seller may seek to convey the Property to Purchaser (at Seller's sole option) in connection with an exchange for like-kind property (a so called tax-free exchange) qualifying for tax free treatment pursuant to United States Internal Revenue Code Section 1031. Purchaser agrees in any such event to reasonably cooperate with Seller in effectuating a qualifying like-kind exchange (whether through a qualified intermediary, trust, partnership or other means as determined by Seller) so long as the Purchase Price to be paid and all costs to be incurred by Purchaser remain the same (without any increase whatsoever) under this Contract absent such like-kind exchange, and so long as Seller bears all additional transaction costs attributable to the execution and effectuation of such qualifying like-kind exchange.

(b) Construction and Interpretation. This Agreement shall be construed and interpreted in accordance with the laws of the State of Texas.

(c) Amendment and Waiver. This Agreement may not be modified or amended, except by an agreement in writing signed by Seller and Purchaser. The parties may waive any of the conditions contained herein or any of the obligations of the other party hereunder, but any such waiver shall be effective only if in writing and signed by the party waiving such condition or obligation.

(d) Power to Execute. Each person executing this Agreement warrants and represents that he is fully authorized to do so.

(e) Assignment. Purchaser may not assign its rights under this Agreement without the prior written consent of Seller.

(f) Binding Terms. This Agreement and the terms and provisions hereof shall inure to

the benefit of and be binding upon the parties hereto and their legal representatives, successors and assigns.

(g) Entire Agreement. This Agreement, (including any exhibits and/or addenda hereto), constitutes the entire agreement among the parties pertaining to the subject matter hereof and supersedes all prior and contemporaneous agreements and understandings of the parties in connection therewith. No covenant, representation or condition which is not expressed herein shall be binding upon the parties hereto or shall affect or be effective to interpret, change or restrict the provisions of this Agreement.

(h) Acknowledgement of Cancellation. Upon a termination or cancellation of this Agreement, both parties covenant and agree to execute such documents as either party may reasonably request to evidence such termination.

(i) Time. Time shall be of the essence with respect to the performance of this Agreement. In computing any period of time described herein, the day of the act or event after which the designated period of time begins to run is not to be included, and the last day of the period so computed is to be included. If the end of any period or any date for performance of an obligation hereunder falls on a day which is not a Business Day, the end of such period or the date for performance will be extended to the next Business Day. As used herein, a "**Business Day**" shall mean any day other than a Saturday, Sunday or a day on which banks are required or permitted to close in Texas.

(j) Attorneys' Fees. In the event it becomes necessary for either party to institute legal proceedings to enforce this Agreement or any provision contained herein, the party prevailing in such action shall be entitled to receive, in addition to all other remedies or damages, reasonable attorneys' fees incurred in such proceedings.

(k) Effective Date. The "**Effective Date**" shall be the date the Title Company signs the Agreement acknowledging receipt of the Earnest Money and a fully executed original of this Contract.

(l) Counterparts. This Agreement may be executed in two or more identical counterparts, each of which when so executed shall be deemed to be an original, but all of which when taken together shall constitute one and the same instrument.

15. Hike and Bike Trail Construction. In conjunction with development of a single family residential subdivision on its property adjacent to the Property, Seller is constructing a hike and bike trail and related improvements (the "**Hike and Bike Trail Improvements**") through the Property according to plans and specifications that have been or are being approved by the Purchaser and as further described on Exhibit C attached hereto and incorporated herein by reference. The Purchaser agrees to participate in a portion of the costs for the construction of the Hike and Bike Trail Improvements ("**Purchaser's Share**") as set forth in the cost estimated dated August 29, 2008, a true and correct copy of which is attached hereto as Exhibit C. Purchaser agrees to reimburse Seller for the Purchaser's Share costs for the construction of the Hike and Bike Trail Improvements at Closing. In this regard, upon completion of the Hike and Bike Trail Improvements by the Seller, Seller shall provide Purchaser with an invoice for Purchaser's Share with substantiation of such costs in such reasonable detail as Purchaser may reasonably request.

16. Grant of Future Utility Easements. In connection with Seller's development of the single family residential subdivision located adjacent to and south of the Property ("**Villages of Stonelake Estates Future Phase IIA**"), Seller may need certain easements for storm sewer, sanitary sewer, water and/or other utilities (collectively, the "**Utility Easements**") on, over, under, across and through the portion of the Property south of the creek (the "**Affected Property**"). In this

regard, from and after the Closing and until the date which is six (6) years after the Closing Date, Purchaser hereby agrees to grant to Seller and/or its successors and/or assigns such Utility Easements at one or multiple locations on, over, under, across and/or through the Affected Property as may be required by normal engineering practices in connection with the development of Villages of Stonelake Estates Future Phase IIA, so long as such Utility Easements do not materially interfere with the public's use of the Affected Property as a hike and bike trail; provided, however, in no event shall the Seller's temporary restriction or limitation of the public's use of the Affected Property in connection with and during the initial construction and installation of improvements within the Utility Easements be considered a "material interference" with the public's use of the Affected Property as a hike and bike trail. The Seller and Purchaser shall mutually cooperate in good faith to agree upon the form and terms of any Utility Easements requested by Seller in accordance with this Section 16. The terms of such Utility Easements shall provide that the easement rights of Seller contained therein shall automatically expire upon the completion of the development (which completion shall include, without limitation, recordation of the final plat(s) and final irrevocable acceptance by the City of Frisco, Texas and any other applicable governmental authority) of the all of the phases of the Villages of Stonelake Estates Future Phase IIA. The terms of this Section 16 shall survive the Closing for a period of six (6) years.

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Executed by Purchaser this _____ day of _____, 2008.

PURCHASER:

THE CITY OF FRISCO, TEXAS,
a municipal corporation organized under the
laws of the State of Texas

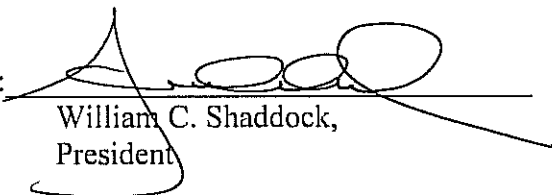
By: _____
George Purefoy, Manager

Executed by Seller this 30 day of September, 2008.

SELLER:

SHADDOCK DEVELOPERS, LTD.,
a Texas limited partnership

By: SHADDOCK DEVELOPMENT
COMPANY, a Texas corporation,
its General Partner

By: 
William C. Shaddock,
President

This Agreement together with Purchaser's Earnest Money has been received by the undersigned this ____ day of _____, 2008 (the "**Effective Date**").

CAPITAL TITLE OF TEXAS

By: _____
Name: _____
Title: _____

EXHIBITS:

Exhibit A - Description of Property

Exhibit B – Special Warranty Deed

Exhibit C – Schedule of Costs and Expenses for the Hike and Bike Trail Improvements

EXHIBIT A

DESCRIPTION OF PROPERTY

Phase 1A Land:

Lot 5, Block X, as shown on the final plat of "Villages of Stonelake Estates Phase 1A", an Addition to the City of Frisco, Collin County, Texas, as recorded on May 2, 2008, under County Clerk's File No. 20080502010001710, in Cabinet 2008, Page(s) 272 through 273, of the Map or Plat Records of Collin County, Texas;

Phase 1B Land:

Lots 10 and 11, Block X, as shown on the final plat of "Villages of Stonelake Estates Phase 1B", an Addition to the City of Frisco, Collin County, Texas, as recorded on June 4, 2008, under County Clerk's File No. 20080604010002100, in Cabinet 2008, Page(s) 334 through 335, of the Map or Plat Records of Collin County, Texas.

Unplatted Land:

That certain 8.448 acre tract of land located in the I.J. Leeper Survey, Abstract No. 528, City of Frisco, Collin County, Texas and being a portion of a called 106.9963 acre tract of land described in deed to Shaddock Developers, Ltd. recorded in Volume 6029, Page 2992, Deed Records, Collin County, Texas and also being a portion of a called 87.5573 acre tract of land described in deed to Shaddock Developers, Ltd., recorded in Volume 6029, Page 2998, Deed Records, Collin County, Texas, and being more particularly described on Exhibit A-1 following.

EXHIBIT A-1

LEGAL DESCRIPTION AND/OR DEPICTION OF THE UNPLATTED LAND

[See attached]

EXHIBIT B

SPECIAL WARRANTY DEED

THE STATE OF TEXAS §
 § KNOW ALL PERSONS BY THESE PRESENTS:
COUNTY OF COLLIN §

THAT SHADDOCK DEVELOPERS, LTD., a Texas limited partnership (hereinafter referred to as "Grantor"), for and in consideration of the sum of TEN AND NO/100 (\$10.00) DOLLARS and other valuable consideration to the undersigned paid by the Grantee herein named, the receipt of which is hereby acknowledged, has GRANTED, SOLD AND CONVEYED, and by these presents does GRANT, SELL AND CONVEY unto the CITY OF FRISCO, TEXAS (herein referred to as "Grantee"), all of the following described real property in Denton County, Texas (hereinafter referred to as the "Real Property"), to-wit:

All of that certain real property more particularly described on Exhibit "A" attached hereto and incorporated herein by reference;

Together with all and singular the rights and appurtenances pertaining to such Real Property including any right, title and interest of Seller in and to adjacent roads, alleys or rights-of-way, strips or gores of land adjoining the Real Property and abutting properties and rights of ingress or egress and any and all improvements situated on the Real Property, including but not limited to any buildings, structures, fixtures and other improvements of every kind and nature in, on, under or about the Real Property (all of such Real Property described above and the rights, privileges, and appurtenances described herein being herein collectively referred to as the "Property")

This conveyance is made and accepted subject to (a) general real estate taxes on the Property for subsequent years not yet due and payable, (b) zoning laws and regulations and ordinances of municipal and other governmental authorities, if any, affecting the Property, (e) the matters set forth on Exhibit "B" attached hereto and made a part hereof for all purposes (all of the foregoing being hereinafter collectively referred to as the "Permitted Exceptions").

TO HAVE AND TO HOLD the above described Property, together with all and singular the rights and appurtenances thereto in anywise belonging unto the said Grantee, his heirs and assigns; and Grantor does hereby bind itself, its successors or assigns to WARRANT AND FOREVER DEFEND all and singular the said Property unto the said Grantee, his heirs and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof, by, through, or under it, but not otherwise, subject, however, to the Permitted Exceptions.

EXCEPT AS OTHERWISE SET FORTH IN SECTION 6 OF THAT CERTAIN CONTRACT OF SALE DATED TO BE EFFECTIVE AS OF _____, 2008 BY AND BETWEEN GRANTOR AND GRANTEE (THE "CONTRACT"), GRANTEE

ACKNOWLEDGES AND AGREES THAT GRANTOR HAS NOT MADE, DOES NOT MAKE AND SPECIFICALLY NEGATES AND DISCLAIMS ANY REPRESENTATIONS, WARRANTIES (OTHER THAN THE SPECIAL WARRANTY OF TITLE AS SET OUT IN THIS DEED), PROMISES, COVENANTS, AGREEMENTS OR GUARANTIES OF ANY KIND OR CHARACTER WHATSOEVER, WHETHER EXPRESS OR IMPLIED, ORAL OR WRITTEN, PAST, PRESENT OR FUTURE, OF, AS TO, CONCERNING OR WITH RESPECT TO (A) THE VALUE, NATURE, QUALITY OR CONDITION OF THE PROPERTY, INCLUDING, WITHOUT LIMITATION, THE WATER, SOIL AND GEOLOGY, (B) THE SUITABILITY OF THE PROPERTY FOR ANY AND ALL ACTIVITIES AND USES WHICH PURCHASER MAY CONDUCT THEREON, (C) THE COMPLIANCE OF OR BY THE PROPERTY WITH ANY LAWS, RULES, ORDINANCES OR REGULATIONS OF ANY APPLICABLE GOVERNMENTAL AUTHORITY OR BODY, (D) THE HABITABILITY, MERCHANTABILITY, MARKETABILITY, PROFITABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF THE PROPERTY, (E) COMPLIANCE WITH ANY ENVIRONMENTAL PROTECTION, POLLUTION OR LAND USE LAWS, RULES, REGULATIONS, ORDERS OR REQUIREMENTS, INCLUDING THE EXISTENCE IN, ON OR UNDER THE PROPERTY OF HAZARDOUS MATERIALS. ADDITIONALLY, NO PERSON ACTING ON BEHALF OF GRANTOR IS AUTHORIZED TO MAKE, AND BY EXECUTION HEREOF, GRANTEE ACKNOWLEDGES THAT NO PERSON HAS MADE, ANY REPRESENTATION, AGREEMENT, STATEMENT, WARRANTY, GUARANTY OR PROMISE REGARDING THE PROPERTY OR THE TRANSACTION CONTEMPLATED HEREIN; AND NO SUCH REPRESENTATION, WARRANTY, AGREEMENT, GUARANTY, STATEMENT OR PROMISE, IF ANY, MADE BY ANY PERSON ACTING ON BEHALF OF GRANTOR SHALL BE VALID OR BINDING UPON GRANTOR UNLESS EXPRESSLY SET FORTH IN THE CONTRACT. THE GRANTOR EXPRESSLY MAKES NO REPRESENTATION OR WARRANTY WITH RESPECT TO THE ACCURACY OR COMPLETENESS OF ANY INFORMATION OR MATERIALS PREPARED BY THIRD PARTIES AND FURNISHED TO OR OBTAINED BY THE GRANTEE. GRANTEE HEREBY AGREES THAT SUCH INFORMATION AND MATERIALS IS PROVIDED ON AN "AS IS" BASIS AND GRANTOR HAS NO OBLIGATION TO VERIFY OR COMPILE SUCH DATA. GRANTEE FURTHER ACKNOWLEDGES THAT GRANTOR HAS ADVISED GRANTEE TO CONSULT WITH ITS OWN PROFESSIONALS AND EXPERTS WITH EXPERIENCE IN EVALUATING THE CONDITION OF THE PROPERTY, INCLUDING, WITHOUT LIMITATION, REGARDING THE PRESENCE OF HAZARDOUS OR TOXIC SUBSTANCES AND THAT GRANTEE IS RELYING SOLELY ON ITS OWN INVESTIGATION OF THE PROPERTY AND NOT ON ANY INFORMATION PROVIDED OR TO BE PROVIDED BY GRANTOR. GRANTEE AKNOWEDES AND AGREES THAT, EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN SECTION 6 OF THE CONTRACT AND IN THIS DEED, GRANTEE ACCEPTS THE PROPERTY "AS IS, WHERE IS", WITH ALL FAULTS.

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EXECUTED on the dates of the acknowledgments, but to be EFFECTIVE on the _____ day of _____, 2008.

GRANTOR:

SHADDOCK DEVELOPERS, LTD., a Texas limited partnership

By: Shaddock Development Company, a Texas corporation, its General Partner

By: _____
Peter H. Shaddock, Sr., Chief Executive Officer

STATE OF TEXAS §
 §
COUNTY OF _____ §

This instrument was acknowledged before me on this _____ day of _____, 2008, by William C. Shaddock, President of Shaddock Development Company, a Texas corporation, the general partner of SHADDOCK DEVELOPER, LTD., a Texas limited partnership, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated and as the act and deed of said corporation and limited partnership.

Notary Public, State of Texas

My Commission Expires:

Printed Name of Notary Public

GRANTEE'S ADDRESS:
CITY OF FRISCO, Texas

EXHIBIT C

**SCHEDULE OF COSTS AND EXPENSES FOR THE
HIKE AND BIKE TRAIL IMPROVEMENTS**

VILLAGES OF STONELAKE CREEK PROJECT
Cost Reimbursement 8/29/2008

Portion A

Hike & Bike Trail Along Creek (10' width, 6" deep) From Bridge Running West

ITEM NO.	QTY	DESCRIPTION	UNIT	UNIT PRICE	TOTAL
1	19710	Trail	SF	\$4.25	\$83,767.50
2	1	Clearing & Grubbing	LS	\$15,000.00	\$15,000.00
3	1	Drainage Improvements	LS	\$10,000.00	\$10,000.00

SubTotal **\$108,767.50**

Credit: Original Developer PD Requirements (6' width, 4" deep)

1	11826	Trail	SF	\$3.50	\$41,391.00
2	1	Clearing & Grubbing	LS	\$15,000.00	\$15,000.00
3	1	Drainage Improvements	LS	\$10,000.00	\$10,000.00
4	4180	Sidewalk Eliminated	SF	\$3.50	\$14,630.00

City Reimbursement **\$27,746.50**

Portion B

Hike & Bike Trail Along Creek (10' width, 6" deep) From Bridge Running East

ITEM NO.	QTY	DESCRIPTION	UNIT	UNIT PRICE	TOTAL
1	5480	Trail	SF	\$4.25	\$23,290.00

City Reimbursement **\$23,290.00**

Portion C

Below Grade Crossing @ Bridge

ITEM NO.	QTY	DESCRIPTION	UNIT	UNIT PRICE	TOTAL
1	7750	Trail	SF	\$4.25	\$32,937.50
2	1250	Retaining Wall	FF	\$15.00	\$18,750.00
3	400	Handrail	LF	\$30.00	\$12,000.00
4	1000	Gabion Mattress	SF	\$12.00	\$12,000.00
5	200	Drop Beam	LF	\$15.00	\$3,000.00
6	2000	Sod	SY	\$3.50	\$7,000.00
7	16000	Hydromulch	SF	\$0.12	\$1,920.00
8	1	Grading	LS	\$5,000.00	\$5,000.00

City Reimbursement **\$92,607.50**

Total City Reimbursement (Portions A, B, & C) **\$143,644.00**